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GIANT

**YELLOWKNIFE
MINES LIMITED**

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30th Annual Report

REVIEW IN BRIEF

	1972	1971
Tons ore milled — total . . .	401,272	403,819
Grade of mill feed	0.56	0.62
Ounces gold recovered	201,186	217,702
Gross value of production . .	\$12,113,000	\$8,445,000
Operating income before write-offs	3,484,000	1,523,000
Exploration expenditures . .	444,000	353,000
Income taxes	621,000	53,000
Net income	1,469,000	762,000
Earnings per share	0.34	0.18
Dividends paid per share . .	0.40	0.40
Capital expenditures	39,000	40,000
Working capital at end of year	6,807,000	6,173,000
Average price received per oz. of gold	\$59.87	\$38.47

GIANT YELLOWKNIFE MINES LIMITED

Head Office: P.O. Box 40, Commerce Court West, Toronto

Mine Office: Yellowknife, N.W.T.

OFFICERS

President and Managing Director	D. R. DeLAPORTE
Vice-President - - - - -	G. P. MITCHELL
Secretary - - - - -	A. C. CALLOW
Treasurer and Controller - - -	J. D. KRANE
Assistant Treasurer - - - - -	J. F. GILLIES

DIRECTORS

A. J. ANDERSON	D. R. DeLAPORTE
C. R. ARCHIBALD, Q.C.	E. L. HEALY
B. S. W. BUFFAM	W. F. JAMES
A. C. CALLOW	G. P. MITCHELL
J. DOUGLAS STREIT	

CONSULTANT

J. M. MORTIMER - - - - -	Metallurgical
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TRANSFER AGENTS AND REGISTRARS

THE STERLING TRUSTS CORPORATION
372 Bay Street, Toronto, Ontario
REGISTRAR AND TRANSFER COMPANY
140 Cedar Street, New York 7, N.Y.

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE
Toronto, Ontario

AUDITORS

THORNE, GUNN & CO.
Toronto, Ontario

SOLICITORS

STRATHY, ARCHIBALD, SEAGRAM & COLE
Toronto, Ontario

ANNUAL MEETING OF SHAREHOLDERS

Tuesday, April 24, 1973 at 10.30 a.m. (E.S.T.)
Elizabeth Room, King Edward Sheraton Hotel,
Toronto, Canada.

REPORT OF THE DIRECTORS:

To the Shareholders:

Your Company's 1972 activities are detailed in the following report.

The figures shown are the consolidated results of the integrated operations of your Company and its subsidiaries, Lolor Mines Limited and Supercrest Mines Limited.

A satisfactory rise in the free market gold price occurred during the year and permitted the mining of lower grade material and improved the ore position. The average price received for gold during 1972 was \$59.87 per ounce.

OPERATIONS SUMMARY

Giant	1972	1971
Tons milled	264,114	267,128
Gold ounces recovered	128,272	141,982
Lolor		
Tons milled	71,422	75,209
Gold ounces recovered	33,471	39,604
Supercrest		
Tons milled	65,736	61,482
Gold ounces recovered	39,443	36,116
Consolidated		
Total tons milled	401,272	403,819
Average tons per day	1,096	1,106
Calculated mill heads (oz. gold per ton)	0.56	0.62
Mill recovery per cent	89.34	86.89
Total recovery		
Gold ounces	201,186	217,702
Silver ounces	39,731	44,063
Operating costs per ton before write-offs	\$21.20	\$18.84
Gross value of production (before E.G.M.A. payments) ...	\$12,112,885	\$8,445,058

FINANCIAL SUMMARY

	1972	1971
Operating profit before write-offs	\$ 3,484,000	\$1,523,000
Income taxes	621,000	53,000
Net income	1,469,000	762,000
Earnings per share	0.34	0.18
Dividends paid per share	0.40	0.40

During the year Supercrest Mines Limited purchased for cancellation 500,000 Class B preference shares and 100,000 Class A preference shares. Lolor Mines Limited purchased for cancellation 25,000 preference shares. Purchase for cancellation of the remaining 571,061 Supercrest Class A preference shares and 25,000 Lolor preference shares is expected to take place in the near future.

The \$150,000 investment in Mate Yellowknife Gold Mines Limited was written off during the year. This write-off has been shown as an extraordinary item.

Working capital increased \$634,000 during the year to \$6,807,000 at December 31, 1972.

ORE POSITION

Reserves of developed ore at the year end (including a dilution allowance) were estimated to be:

	1972		1971	
	Tons	Oz. Gold per ton	Tons	Oz. Gold per ton
Giant				
Active stopes	475,200	0.51	379,100	0.66
Pillars	31,450	0.65	19,200	0.73
Other developed ore	24,350	0.59	43,600	0.58
Total Giant	531,000	0.52	441,900	0.66
Lolor				
Active stopes	95,000	0.51	128,100	0.67
Pillars	—	—	—	—
Other developed ore	—	—	5,000	0.53
Total Lolor	95,000	0.51	133,100	0.66
Supercrest				
Active stopes	112,750	0.68	106,200	0.70
Pillars	—	—	17,600	0.71
Other developed ore	6,250	0.52	—	—
Total Supercrest	119,000	0.67	123,800	0.70
Total Developed Ore	745,000	0.54	698,800	0.67

401,272 tons were mined during 1972 so that additions to the ore position were 447,472 tons during the year. About half this tonnage was obtained from recontouring existing stoping blocks using the lower cut-off grade permitted by the higher price of gold. Most of the remaining tonnage was developed by diamond drilling in several areas of the Giant mine where low grade gold bearing material was known to occur.

OPERATING COSTS

The consolidated operating cost per ton (before write-offs) increased from \$18.84 in 1971 to \$21.20 in 1972. This increase was largely due to increased diamond drilling and raising costs. The operating costs per ounce increased from \$34.96 to \$42.28 due to mining lower grade material and to a lesser extent to increased development and diamond drilling costs.

CAPITAL EXPENDITURES

Capital expenditures were at a minimum and totalled \$39,000 for mine, mill and miscellaneous equipment.

UNDERGROUND OPERATIONS

Giant Mine

The tonnage milled was 264,114 tons, just slightly lower than the 1971 figure. The grade of ore produced was 0.544 oz. gold per ton, significantly lower than the 0.612 oz. gold per ton in 1971.

Lateral development activity was about normal but raising activity increased as the improvement in the gold price permitted the development of hitherto sub-marginal ore blocks in the "A" shaft area. Diamond drilling activity also increased to delineate the low grade areas which, at current gold prices, can be treated as ore.

The underground exploratory diamond drilling program continued throughout the year without any notable success, this program will be continued in 1973.

Lolor Mine

Tonnage milled at 71,422 was slightly below the 1971 figure but grade at 0.525 oz. gold per ton was well below the 1971 figure of 0.606 oz. gold per ton.

There was no lateral advance and raising totalled 496 feet. A modest program of diamond drilling did not appreciably alter reserves.

Supercrest Mine

Production was 65,736 tons at a grade of 0.672 oz. gold per ton. Lateral advance was slightly below that planned but raising activity was slightly increased.

Diamond drill activity totalled 20,363 feet and succeeded in making some addition to ore reserves.

TREATMENT PLANT

Operations of the Treatment Plant were very satisfactory with an overall recovery of 89.34%, the highest recovery reached since the cyanidation of flotation tails was discontinued five years ago.

OUTSIDE EXPLORATION

Northbelt

A followup program of mapping, geochemical sampling and diamond drilling was carried out. Six diamond drill holes were completed on the apparent most favourable area with no positive results. A further geochemical and drilling program is planned for the 1973 season on other favourable areas.

Expenditures during the year totalled \$46,809. As of December 31, 1972, Giant had earned a 55.3% interest in Northbelt.

A minor geochemical survey was conducted on a property staked northeast of Northbelt. Some anomalous areas were identified and further work is planned.

The major part of the exploration was spent on the ^{nickel} Company's exploration permits in the Perry River area. Eighteen anomalies were drilled with negative results. No further work is planned.

A modest drill program of five holes was completed on the staked copper showing in the Wildbread Bay area of east Great Slave Lake. A mineralized zone, 30 to 40 feet wide, returned assays up to 1 per cent copper. Some further drilling is planned for 1973.

GENERAL

A new two-year Collective Bargaining Agreement was negotiated and became effective October 1, 1972. Labour turnover increased about 10 per cent and there was some shortage of miners and skilled tradesmen during parts of the year.

The Mine experienced a curtailment of secondary power because of the increasing load in the expanding City of Yellowknife.

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge the efficient services rendered by Mr. D. J. Emery, Mine Manager, Mr. A. K. Campbell, General Superintendent, and the employees.

On behalf of the Board,

D. R. DeLAPORTE,

President and Managing Director.

Toronto, Ontario,
February 9, 1973.

GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)
and its subsidiary companies

CONSOLIDATED BALANCE

ASSETS

CURRENT ASSETS

	1972	1971
Bullion at net realizable value	\$ 1,880,427	\$ 1,667,399
Short term securities at cost which approximates market value	6,053,151	4,659,474
Accounts and accrued interest receivable	184,686	184,095
Emergency gold mining assistance receivable	76,080	477,131
	<u>8,194,344</u>	<u>6,988,099</u>

FIXED ASSETS

Buildings, machinery and equipment at cost	14,978,696	15,004,807
Less accumulated depreciation	14,634,653	14,264,276
	<u>344,043</u>	<u>740,531</u>
Mining claims and properties at cost, less depletion	622,317	741,759
	<u>966,360</u>	<u>1,482,290</u>

OTHER ASSETS

Supplies at average cost	711,407	815,764
Shares in and advances to other mining companies at cost less amount written off (1971 at cost)	156,221	304,195
Other assets and deferred charges	277,379	392,489
	<u>1,145,007</u>	<u>1,512,448</u>
	<u>\$10,305,711</u>	<u>\$ 9,982,837</u>

AUDITORS' REPORT

To the Shareholders of
GIANT YELLOWKNIFE MINES LIMITED

We have examined the consolidated balance sheet of Giant Yellowknife Mines Limited and its subsidiary companies as at December 31, 1972 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
January 29, 1973

THORNE GUNN & CO.,
Chartered Accountants.

LIABILITIES

CURRENT LIABILITIES	1972	1971
Bank indebtedness	\$ 33,830	\$ 41,385
Accounts payable and accrued liabilities	829,636	610,405
Income taxes payable	431,544	141,140
Government royalties payable	92,571	22,034
	<u>1,387,581</u>	<u>814,964</u>
 MINORITY INTEREST		
Interest of minority shareholders in subsidiary companies	<u>442,252</u>	<u>440,213</u>
 SHAREHOLDERS' EQUITY		
Capital stock		
Authorized — 4,500,000 shares without par value		
Issued — 4,303,050 shares	5,700,000	5,700,000
Contributed surplus	2,637,276	2,637,276
Retained earnings	138,602	390,384
	<u>8,475,878</u>	<u>8,727,660</u>
 Approved by the Board:		
D. R. DeLAPORTE, Director		
B. S. W. BUFFAM, Director		
	<u>\$10,305,711</u>	<u>\$ 9,982,837</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1972

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Lolor Mines Limited, in which 87½% of the common shares are held, and Supercrest Mines Limited, in which 50% (332,506 common shares) of the 665,010 common shares are held.

2. BULLION

Net realizable value of bullion has been determined at December 31, 1972 using a value for gold of \$62.00 per ounce.

3. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of directors and senior officers, as defined by The Business Corporations Act of Ontario, amounted to \$130,720 for 1972 and \$123,929 for 1971.

GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)
and its subsidiary companies (note 1)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1972

(with comparative figures for 1971)

	1972	1971
Balance at beginning of year	\$ 390,384	\$1,349,639
Net income for the year	1,469,386	761,913
	1,859,770	2,111,552
Deduct dividends paid — 40¢ per share	1,721,168	1,721,168
Balance at end of year	\$ 138,602	\$ 390,384

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1972

(with comparative figures for 1971)

	1972	1971
Source of funds		
From operations		
Income before extraordinary item	\$1,619,360	\$ 761,913
Depreciation, depletion and amortization	555,177	611,704
Minority interest in net income of subsidiary companies	502,039	45,930
	2,676,576	1,419,547
Other sources	217,467	54,140
	2,894,043	1,473,687
Application of funds		
Dividends paid	1,721,168	1,721,168
Additions to fixed assets, less disposals	39,247	39,944
Purchase for cancellation of Supercrest Mines Limited Class B preferred shares owned by minority interest	500,000	
	2,260,415	1,761,112
Increase (decrease) in working capital	633,628	(287,425)
Working capital at beginning of year	6,173,135	6,460,560
Working capital at end of year	\$6,806,763	\$6,173,135

CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1972

(with comparative figures for 1971)

	1972	1971
REVENUE:		
Gold and silver production	\$12,112,885	\$ 8,445,058
Deduct marketing expenses	122,557	94,870
	11,990,328	8,350,188
Emergency gold mining assistance	11,990,328	783,000
	<u>11,990,328</u>	<u>9,133,188</u>
EXPENSES:		
Operating expenses	8,141,053	7,336,290
Government of Canada royalty	81,000	17,400
Administrative and corporate expenses	284,705	256,091
Depreciation, depletion and amortization of mine development expenditures	555,177	611,704
	<u>9,061,935</u>	<u>8,221,485</u>
Operating income	2,928,393	911,703
Deduct exploration expenditures	443,771	353,335
	<u>2,484,622</u>	<u>558,368</u>
Interest earned	257,777	302,475
	<u>2,742,399</u>	<u>860,843</u>
Income taxes	621,000	53,000
	<u>2,121,399</u>	<u>807,843</u>
Minority interest in net income of subsidiary companies (note 1)	502,039	45,930
Income before extraordinary item	1,619,360	761,913
Write-off of shares in other mining companies	149,974	
Net income for the year	<u>\$ 1,469,386</u>	<u>\$ 761,913</u>
Earnings per share		
Income before extraordinary item	<u>\$.38</u>	<u>\$.18</u>
Net income for the year	<u>\$.34</u>	<u>\$.18</u>

COMPARATIVE STATEMENT OF

Fiscal Year Ended May 31	Tons Milled	Calculated Mill Heads Per Ton	Estimated E.G.M.A. Assistance	Net Value of Metals Recovered	Average Price Per Ounce of Gold	Operating Cost Before Write-offs	Operating Cost Per Ton
1949	84,886	0.815	\$ 511,020	\$ 1,962,340	\$ 35.00	\$ 1,467,133	\$ 17.28
1950	126,214	0.708	354,326	2,986,457	37.46	1,826,453	14.47
1951	151,814	0.842	267,874	4,158,038	37.35	1,997,073	13.15
June 30							
1952	165,846	0.755	615,000	3,854,137	35.79	2,658,570	16.03
1953	245,559	0.846	680,000	6,012,389	34.20	3,561,546	14.51
1954	275,985	0.785	965,000	6,045,327	34.26	3,704,451	13.42
1955	286,742	0.761	700,000	5,876,857	34.16	3,912,978	13.65
1956	297,582	0.765	120,000	6,235,926	34.76	4,284,385	14.40
1957	309,673	0.795	105,000	6,396,699	33.75	4,234,517	13.67
1958	289,220	0.795	340,000	5,331,448	33.85	3,872,120	13.39
1959	321,002	0.784	280,000	6,397,770	33.81	4,048,047	12.61
June 29							
1960	361,601	0.784	13,687	7,649,230	33.50	4,338,972	12.00
Dec. 31							
1960	181,101	0.795	-----	4,080,679	34.63	2,529,960	13.96
1961	366,515	0.779	-----	8,507,473	35.73	4,755,387	12.97
1962	375,820	0.763	-----	9,445,300	37.56	4,743,728	12.62
1963	388,190	0.713	-----	9,254,173	37.76	4,758,936	12.26
1964	400,606	0.745	-----	10,120,070	37.62	4,789,045	11.95
1965	395,001	0.722	-----	9,565,401	37.68	5,087,109	12.88
1966	384,271	0.652	-----	8,517,823	37.99	5,191,314	13.51
Consolidated							
1967	319,876	0.670	-----	7,204,874	37.99	4,990,864	15.60
1968	374,717	0.634	265,000	8,739,180	41.60	6,005,179	16.03
1969	399,647	0.640	427,000	9,824,021	42.78	7,289,123	18.24
1970	424,774	0.607	1,059,000	8,328,261	36.47	7,483,992	17.62
1971	403,819	0.621	783,000	8,350,188	38.47	7,609,781	18.84
1972	401,272	0.561	-----	11,990,328	59.87	8,506,758	21.20
	<u>7,731,733</u>	<u>0.719</u>	<u>\$7,485,907</u>	<u>\$176,834,389</u>	<u>\$ 37.65</u>	<u>\$113,647,421</u>	<u>\$ 14.70</u>

PRODUCTION AND EARNINGS

Operating Profit Before Write-offs	Operating Profit Per Ton	Write-offs and Outside Exploration	Non-Operating Income	Income Tax	Minority Interest	Net Profit	Dividends Declared
1,006,227	\$ 11.85	\$ 859,567	\$ 6,790	\$ -----	\$ -----	\$ 153,450	\$ -----
1,514,330	12.00	1,039,854	5,237	-----	-----	479,713	-----
2,428,839	16.00	1,254,505	6,334	-----	-----	1,180,668	-----
1,810,567	10.92	1,659,109	7,981	-----	-----	159,439	-----
3,130,843	12.75	1,673,329	4,906	-----	-----	1,462,420	800,000
3,305,876	11.98	1,854,444	22,793	12,000	-----	1,462,225	1,600,000
2,663,879	9.29	1,738,576	14,728	4,000	-----	936,031	1,400,000
2,071,541	6.96	1,354,636	71,219	-----	-----	788,124	1,200,000
2,267,182	7.32	1,355,458	51,901	4,000	-----	959,625	600,000
1,799,328	6.22	1,118,946	59,919	4,000	-----	736,301	1,200,000
2,629,723	8.19	1,096,477	51,060	85,000	-----	1,499,306	1,200,000
3,323,945	9.19	1,243,404	103,858	490,000	-----	1,694,399	1,800,000
1,550,719	8.56	829,368	86,158	-----	-----	807,509	860,541
3,752,086	10.24	1,579,897	160,058	-----	-----	2,332,247	1,936,290
4,701,572	12.51	1,029,749	245,321	(30,477)	-----	3,947,621	3,012,027
4,495,237	11.58	879,752	308,635	-----	-----	3,924,120	4,302,903
5,331,025	13.31	855,679	332,850	-----	-----	4,808,196	4,302,910
4,478,292	11.34	802,319	449,827	580,000	-----	3,545,800	4,302,917
3,326,509	8.65	979,060	308,537	620,000	-----	2,035,986	2,581,752
2,214,010	6.92	948,305	363,849	300,000	(38,458)	1,368,012	1,721,167
2,999,001	8.00	721,400	358,715	720,000	12,267	1,904,049	1,721,168
2,961,898	7.41	837,589	355,624	645,300	(65,372)	1,900,005	1,721,168
1,903,269	4.48	728,703	396,451	266,700	(30,951)	1,335,268	1,721,168
1,523,407	3.77	965,039	302,475	53,000	45,930	761,913	1,721,168
3,483,570	8.68	1,148,922	257,777	621,000	502,039	1,469,386	1,721,168
<u>70,672,875</u>	<u>\$ 9.14</u>	<u>\$28,554,087</u>	<u>\$4,333,003</u>	<u>\$4,374,523</u>	<u>\$ 425,455</u>	<u>\$41,651,813</u>	<u>\$41,426,347</u>

MINE OPERATING OFFICIALS

D. J. EMERY	-	-	-	-	-	-	-	Mine Manager
A. K. CAMPBELL	-	-	-	-	-	-	-	General Superintendent
R. S. BROWN	-	-	-	-	-	-	-	Mine Superintendent
H. E. PAWSON	-	-	-	-	-	-	-	Mill Superintendent
C. M. WILKINSON	-	-	-	-	-	-	-	Electrical Superintendent
R. W. SPENCE	-	-	-	-	-	-	-	Exploration Superintendent
H. B. BYE	-	-	-	-	-	-	-	Master Mechanic
J. A. CROSSFIELD	-	-	-	-	-	-	-	Construction Foreman
M. FRIESEN	-	-	-	-	-	-	-	Chief Engineer
B. F. WATSON	-	-	-	-	-	-	-	Mine Geologist
G. P. LEGAGNEUR	-	-	-	-	-	-	-	Projects Geologist
L. F. G. BORDEN	-	-	-	-	-	-	-	Mine Accountant
J. W. McKAY	-	-	-	-	-	-	-	Purchasing Agent
A. T. RIVETT	-	-	-	-	-	-	-	Personnel Supervisor
R. M. FEATHER	-	-	-	-	-	-	-	Safety Director



